Re-Issuance of DOD Instruction 5000.02

DAU Community Training Symposium, April 8, 2014

Mr. Skip Hawthorne
OUSD(AT&L) DPAP/AP

DepSecDef Issued Interim Policy on November 26, 2013

DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

NOV 2 6 2013

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Defense Acquisition

I have determined that the current DoD Instruction (DoDI) 5000.02, "Operation of the Defense Acquisition System," December 8, 2008, requires revision to create an acquisition policy environment that will achieve greater efficiency and productivity in defense spending and effectively implement the department's Better Buying Power (BBP) initiatives. Therefore, I am canceling this issuance with the exception of Enclosure 9, Acquisition of Services, and replacing it with the attached interim policy effective immediately.

I am directing the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), with the Department of Defense Chief Information Officer and the Director, Operational Test and Evaluation, to jointly prepare a revised DoDI 5000.02 within 180 days. The USD(AT&L) will draft a new instruction to address acquisition of services in the same time period.

Attachment:
As stated

Department of Defense
INSTRUCTION
- INTERIM -

NUMBER 5000.02
November 25, 2013
USD(AT&L)

SUBJECT: Operation of the Defense Acquisition System

References: See References Enclosure

1. PURPOSE. This instruction:

a. In accordance with the authority in DoD Directive 5000.01 (Reference (a)), reissues DoD
struction 5000.02 (Reference (b)) to update established policy for the management of all
quisition programs in accordance with Reference (a), the guidelines of Office of Management
d Budget Circular A-11 (Reference (c)), and References (j) through (ci).

b. Authorizes Milestone Decision Authorities (MDAs) to tailor the regulatory requirements
acquisition procedures in this instruction to more efficiently achieve program objectives,
stent with statutory requirements and Reference (a).

Incorporates and cancels the following directive type memorandums (DTMs):
(1) DTM 09-025 (Reference (d)).
) DTM 09-027 (Reference (e)).
DTM 10-015 (Reference (f)).
TM 10-017 (Reference (g)).
TM 11-003 (Reference (h)).
M 11-009 (Reference (i)).

LITY. This instruction applies to OSD, the Military Departments, the Office of
the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the
ector General of the Department of Defense, the Defense Agencies, the DoD

Attachment

Mr. Kendall's Letter

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

ACQUISITION, TECHNOLOGY AND LOGISTICS

DEC 02 2013

MEMORANDUM FOR THE ACQUISITION WORKFORCE

SUBJECT: The New Department of Defense Instruction 5000.02

I am happy to relate that we have finally distributed the new Department of Defense Instruction (DoDI) 5000.02 for implementation as an interim document while the formal coordination of the final product takes place. There are a few points about the new document that I would like to highlight for you.

One purpose of this new version is to implement a number of statutes and regulations that have come into existence since the last version was published in 2008. As we developed the document, I concluded that the body of law that has developed over the decades since Goldwater Nichols in the mid-80s places an extraordinary and unnecessarily complex burden on our Program Managers (PMs) and their staffs. Enclosure 1 of the new 5000.02 includes lengthy tables that reflect these statutory and regulatory requirements. I have asked Andrew Hunter, Director of the Joint Rapid Acquisition Office in AT&L, to lead a team with the purpose of developing a legislative proposal that would simplify the existing body of law and replace it with a more coherent and "user friendly" set of requirements, without sacrificing the intention behind existing statutes. We will work closely with the Congress as we develop this proposal over the next few months. I am hopeful that we will be able to update Enclosure 1 within the next year and replace it with a simplified and less burdensome alternative.

I have tried to make the document more readable and helpful to acquisition professionals, both those new to the world of defense acquisition and those more experienced professionals who need a reference for a specific area of interest. The new 5000.02 is organized with the main body describing the steps and decision points in the acquisition process. Program structures should always be tailored to the product being acquired, and there is a heavy emphasis on tailoring – supported by the inclusion of several example program structure models. The main body of the document is followed by a series of enclosures organized logically, with each one providing more information on policy and procedures for a specific aspect of acquisition or a specialized type of product.

The basic structure of the "acquisition system" is unchanged with minor exceptions. The things that have to be done in defense acquisition never change. They include: identifying a need or desire for a new product, reducing technical risk to an acceptable level, developing and testing the product, and fielding and sustaining it over time. However, some minor adjustments to the most recent 5000.02 were necessary. The new 5000.02 introduces a "Requirements Decision Point" and a "Development RFP Release Decision Point." The new Requirements Decision Point, which occurs during Technology Maturation and Risk Reduction, provides the starting point for the requirements analysis and allocation system engineering process that culminates at the Preliminary Design Review. This decision point is also necessary to inform the Request for Proposal (RFP) for the Development phase. The Development RFP Release Decision Point institutionalizes what we have been calling the "Pre-EMD Review." I regard this as the most important single decision point in the entire life cycle because the release of the Engineering and Manufacturing Development RFP sets in motion everything that will follow in the product's life cycle.

The new 5000.02 is longer than I would have preferred. This is in part due to the fact that all relevant statutory and regulatory guidance had to be included. It is also due to the fact that several stand-alone documents that will be eliminated have been integrated into the document. One section that was not included or replaced is the previous section on the acquisition of contracted services. A new DoDI on Acquisition of Services is in draft and should be released in the near future.

In addition, updating 5000.02 provided an opportunity to integrate several of the Better Buying Power initiatives into the document. Examples are tight integration of requirements and acquisition communities, should cost, and affordability analysis. The integration of requirements and acquisition is emphasized, for example, in the new requirements decision point and in discussion of the use of Configuration Steering Boards. Should cost is covered in the text as an ongoing PM's responsibility. Affordability analysis is covered in the acquisition process, and in a separate enclosure which makes it clear that developing affordability constraints is a requirements and programming community planning responsibility – not an acquisition community or a cost estimator responsibility.

Finally, I have also tried to reinforce the importance and primacy of the acquisition chain of command – particularly Program Executive Officers (PEOs) and PMs. In general, the Acquisition Executives, PEOs, and PMs are responsible and accountable for the programs they manage; everyone else has a supporting or advisory role. Consistent with this fundamental principle, all 5000.02 required program documentation should be considered first and foremost as having utility for planning and managing the program, not as "inspectors" compliance documents. Documents that serve this purpose effectively should be adequate for staff review.

Although we are implementing the new DoDI 5000.02 on an interim basis and putting it into final coordination, I want you to know that continuous improvement never ceases. If you have ideas about how to improve this guidance, you are encouraged to submit them. At the end of the day 5000.02 is not just about the rules acquisition professionals have to follow. It is about us all constantly working to make the acquisition system as efficient and effective as we can.

Frank Kendall

Overarching Objectives

- Decrease emphasis on “rules” and increase emphasis on process intent and thoughtful program planning
- Provide program structures and procedures tailored to the dominant characteristics of the product being acquired and to unique program circumstances, e.g., risk and urgency
- Enhance the discussion of program management responsibility and key supporting disciplines
- Institutionalize changes to statute and policy since the last issuance of DoD Instruction 5000.02

Statute & Policy Driving the Update

POLICY

USD(AT&L) Memos
- Better Buying Power 1 & 2
- Designation of Subprograms for MDAPs
- EVM Systems Performance, Oversight, and Governance
- Government Performance of Critical Acquisition Functions
- Preservation and Storage of Tooling for MDAPs
- Reporting Requirements for Programs Qualifying as Both MAIS & MDAP
- Should-cost Memos
- Strengthened Sustainment Governance
- Improving Technology Readiness Assessment Effectiveness

PDUSD(AT&L) Memos
- Improving Milestone Process Effectiveness
- Post-CDR Reports and Assessments
- Milestone Decision Documentation Outlines

Other Memos
- Guidelines for Operational Test and Evaluation of Information and Business Systems
- DoD CIO Policy for CCA Confirmation

DIRECTIVE TYPE MEMOS

DT[illegible] Implementation of [illegible]SARA 2009
DTM 09-025: Space Systems Acquisition Policy
DTM 09-016: Supply Chain Risk Management (SCRM) to Improve the Integrity of Components Used in DoD Systems
DTM 10-015: Requirements for Life Cycle Management and Product Support
DTM 10-017: Development Planning
DTM 11-003: Reliability Analysis, Planning, Tracking, and Reporting
DTM 11-009: Acquisition Policy for Defense Business Systems

DoDI 5000.02

STATUTE

WSARA
P.L. 111-23, Weapon Systems Acquisition Reform Act of 2009

Title 10
§2334: Independent cost estimation and analysis
§2366: Major systems and munitions programs: survivability and lethality testing required before full scale production
§2445c: MAIS Programs

NDAA
§332 of FY09: Fuel Logistics Requirements
§805 of FY10: Life-Cycle Management and Product Support
§803 of FY11: Enhancing ... Rapid Acquisition
§804 of FY11: ... Acquisition Process for Rapid Fielding of Capabilities in Response to Urgent Operation Needs
§811 of FY11: Cost Estimates for MDAP and MAIS
§812 of FY11: Management of Manufacturing Risk
§932 of FY11: Computer Software Assurance
§831 of FY11: *[Waiver of Nunn-McCurdy for a Change in Quantity]*
§811 of FY12: Calculation of Time Period *[for MAIS]* Critical Changes...
§801 of FY12: Core Depot-level Maintenance and Repair Capabilities
§832 of FY12: Assessment, Management, and Control of Operating and Support Costs for Major Weapon Systems
§834 of FY12: Management of Manufacturing Risk in MDAPs
§901 of FY12: Revision of DBS Requirements
§811 of FY13: Limitation on use of cost-type contracts
§812 of FY13: Estimates of Potential Termination Liability ...
[illegible]ponsibilities ..... (T&E)
[illegible]*lescence]*

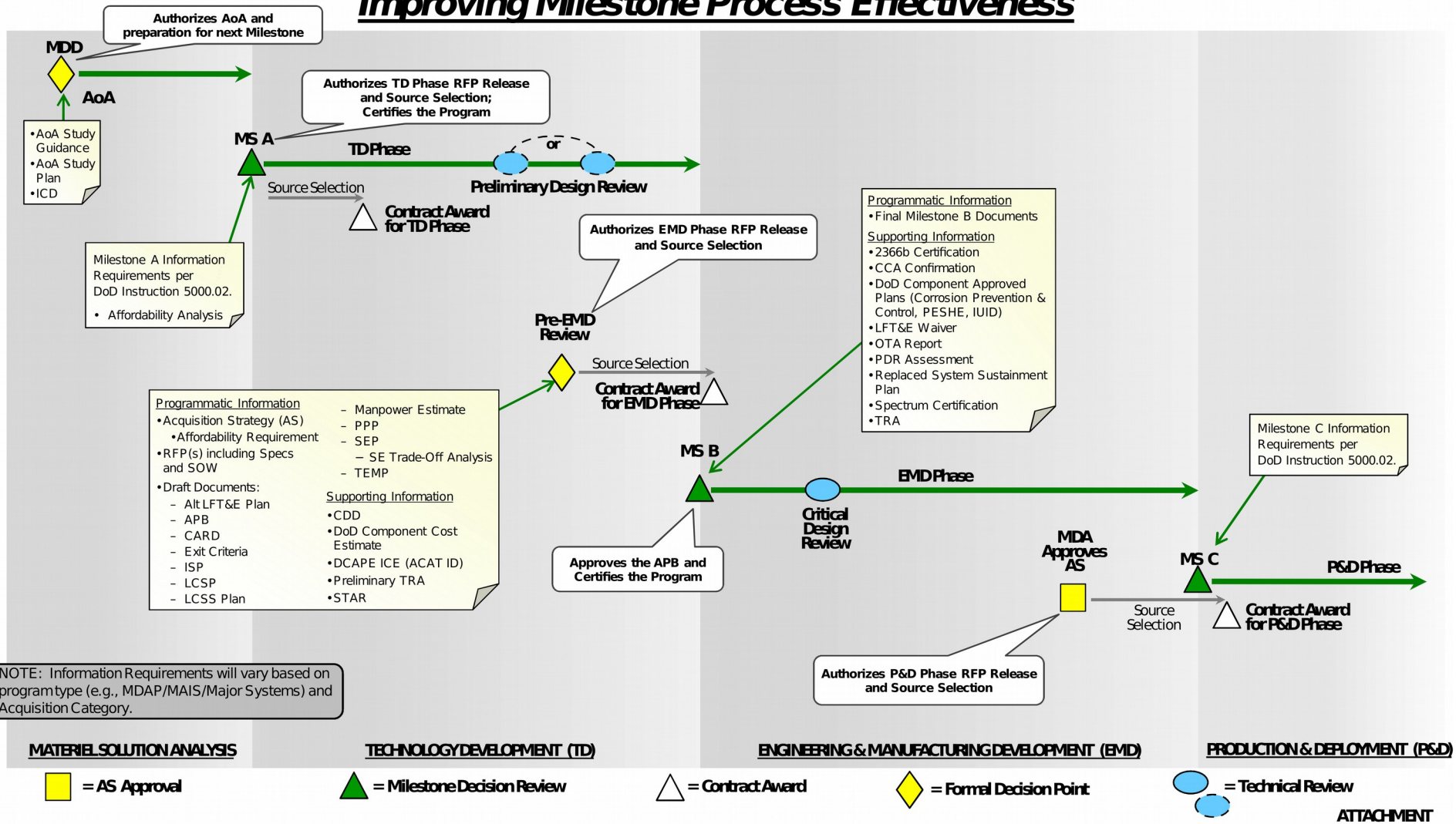
ADDITIONAL CONSIDERATIONS

- [illegible]
- New Emphasis on Cybersecurity
- New Emphasis on Intellectual Property (IP) Strategy
- FY10 NDAA, Sec. 804: Agile IT Development

- Listed sources are examples; not fully

Incorporated Policy to Improve Milestone Process Effectiveness dated June 23, 2011

Improving Milestone Process Effectiveness



ATTACHMENT

Better Buying Power 2.0 Initiatives Institutionalized via the DRAFT DoD Instruction 5000.02

Achieve Affordable Programs

- ✓ Mandate affordability as a requirement
- ✓ Institute a system of investment planning to derive affordability caps
- ✓ Enforce affordability caps

Control Costs throughout the Product Life Cycle

- ✓ Implement "should cost" based management
- ✓ Eliminate redundancy within warfighter portfolios
- Institute a system to measure the cost performance of programs and institutions and to assess the effectiveness of acquisition policies
- ✓ Build stronger partnerships with the requirements community to control costs
- ✓ Increase the incorporation of defense exportability features in initial designs

Incentivize Productivity & Innovation in Industry and Government

- Align profitability more tightly with Department goals
- ✓ Employ appropriate contract types
- Increase use of Fixed Price Incentive contracts in Low Rate Initial Production
- Better define value in "best value" competitions
- When LPTA is used, define Technically Acceptable to ensure needed quality
- Institute a superior supplier incentive program
- ✓ Increase effective use of Performance-Based Logistics
- Reduce backlog of DCAA Audits without compromising effectiveness
- Expand programs to leverage industry's IR&D

Eliminate Unproductive Processes and Bureaucracy

Promote Effective Competition

- ✓ Emphasize competition strategies and creating and maintaining competitive environments
- ✓ Enforce open system architectures and effectively manage technical data rights
- Increase small business roles and opportunities
- ✓ Use the Technology Development phase for true risk reduction

Improve Tradecraft in Acquisition of Services

- Assign senior managers for acquisition of services
- Adopt uniform services market segmentation
- Improve requirements definition/prevent requirements creep
- Increase use of market research
- Increase small business participation
- Strengthen contract management outside the normal acquisition chain—installations, etc.
- Expand use of requirements review boards and tripwires

Improve the Professionalism of the Total Acquisition Workforce

- ✓ Establish higher standards for key leadership positions
- Establish stronger professional qualification requirements for all acquisition specialties
- Increase the recognition of excellence in acquisition management
- Continue to increase the cost consciousness of the acquisition workforce—change the culture

Revised Document Structure

- Core Instruction
- 13 Enclosures
- ALL Enclosures have been Revised…
  - New Enclosures are highlighted in Red
  - Old Enclosures with Major Revisions are highlighted in Blue
- 150 Pages

Revised DoDI 5000.02 Structure

Core Instruction - Operation of the Defense Acquisition System

Enclosures

1. Acquisition Program Categories and Compliance Requirements
2. Program Management
3. Systems Engineering
4. Developmental Test and Evaluation (DT&E)
5. Operational and Live Fire Test and Evaluation
6. Life-Cycle Sustainment
7. Human Systems Integration (HSI)
8. Affordability Analysis and Investment Constraints
9. Analysis of Alternatives
10. Cost Estimating and Reporting
11. Requirements Applicable to All Programs Containing Information Technology (IT)
12. Defense Business Systems (DBS)
13. Rapid Acquisition of Urgent Needs

Document Comparison

2008:

Enclosures

- **Procedures**
- **Acquisition Category (ACAT) and Milestone Decision Authority (MDA)**
- **Statutory and Regulatory Information and Milestone Requirements**
- **Program Management**
- **Systems Engineering**
- **Integrated T&E**
- **Human Systems Integration**
- **Resource Estimation**
- **IT Considerations**
- **Management of Defense Business Systems**
- **Acquisition of Services†**

Page Count: 80 pages

** New or Deleted text, in red; major changes and additions, in blue*

† Acquisition of Services policy removed from DoDI 5000.02; under revision for re-issuance as a

2013:

Core Instruction - Operation of the Defense Acquisition System

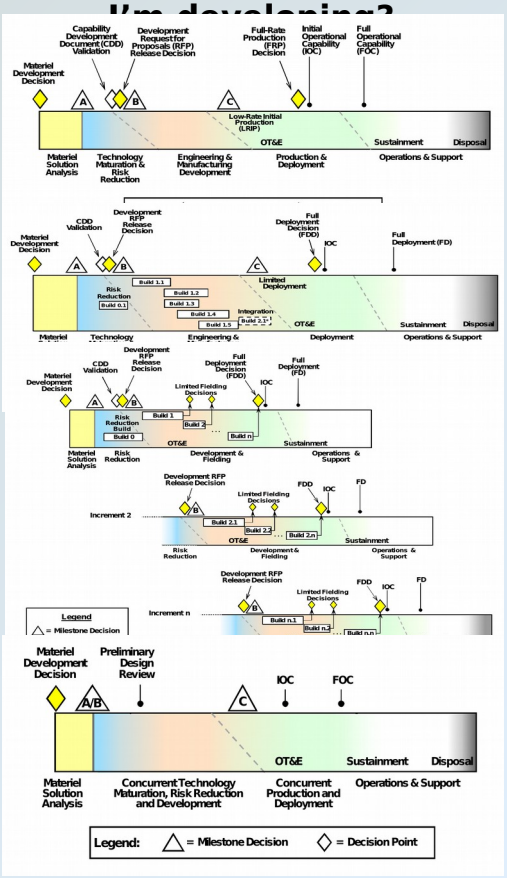
Enclosures

- **Acquisition Program Categories and Compliance Requirements**
- **Program Management**
- **Systems Engineering**
- **Developmental Test and Evaluation**
- **Operational and Live Fire Test and Evaluation**
- **Life-Cycle Sustainment**
- **Human Systems Integration**
- **Affordability Analysis and Investment Constraints**
- **Analysis of Alternatives**
- **Cost Estimating and Reporting**
- **Requirements Applicable to All Programs Containing Information Technology**
- **Defense Business Systems**
- **Rapid Acquisition of Urgent Needs**

Tailored Applicability

How to use the Document

What Model best accommodates the product I'm developing?

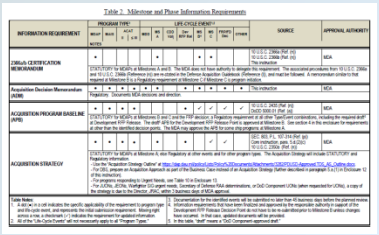


What business procedures apply to the program?

Materiel Development Decision

The Materiel Development Decision is based on a validated initial requirements document (an ICD or equivalent) and the completion of the AoA Study Guidance and AoA Study Plan. This decision directs execution of the AoA Study Guidance and AoA Study Plan, and authorizes the DoD Component to conduct the Materiel Solution Analysis Phase. This decision point is the entry point into the acquisition process for all defense acquisition programs; …

What statute and regulation is applicable to my program category (i.e., ACAT I –III) and milestone?



What detailed functional policy relates to my program?

Program Management, Systems Engineering, DT&E, OT&E, Sustainment, Human Systems, Affordability, AoAs, Resources and Cost, IT and Clinger-Cohen, Defense Business Systems

Product-Tailored Acquisition Models

- Model 1: Hardware Intensive Program
- Model 2: Defense Unique Software Intensive Program
- Model 3: Incrementally Fielded Software Intensive Program
- Hybrid Program A (Hardware Dominant)
- Hybrid Program B (Software Dominant)
- Model 4: Accelerated Acquisition Program

Generic Acquisition and Procurement Milestones and Decision Points

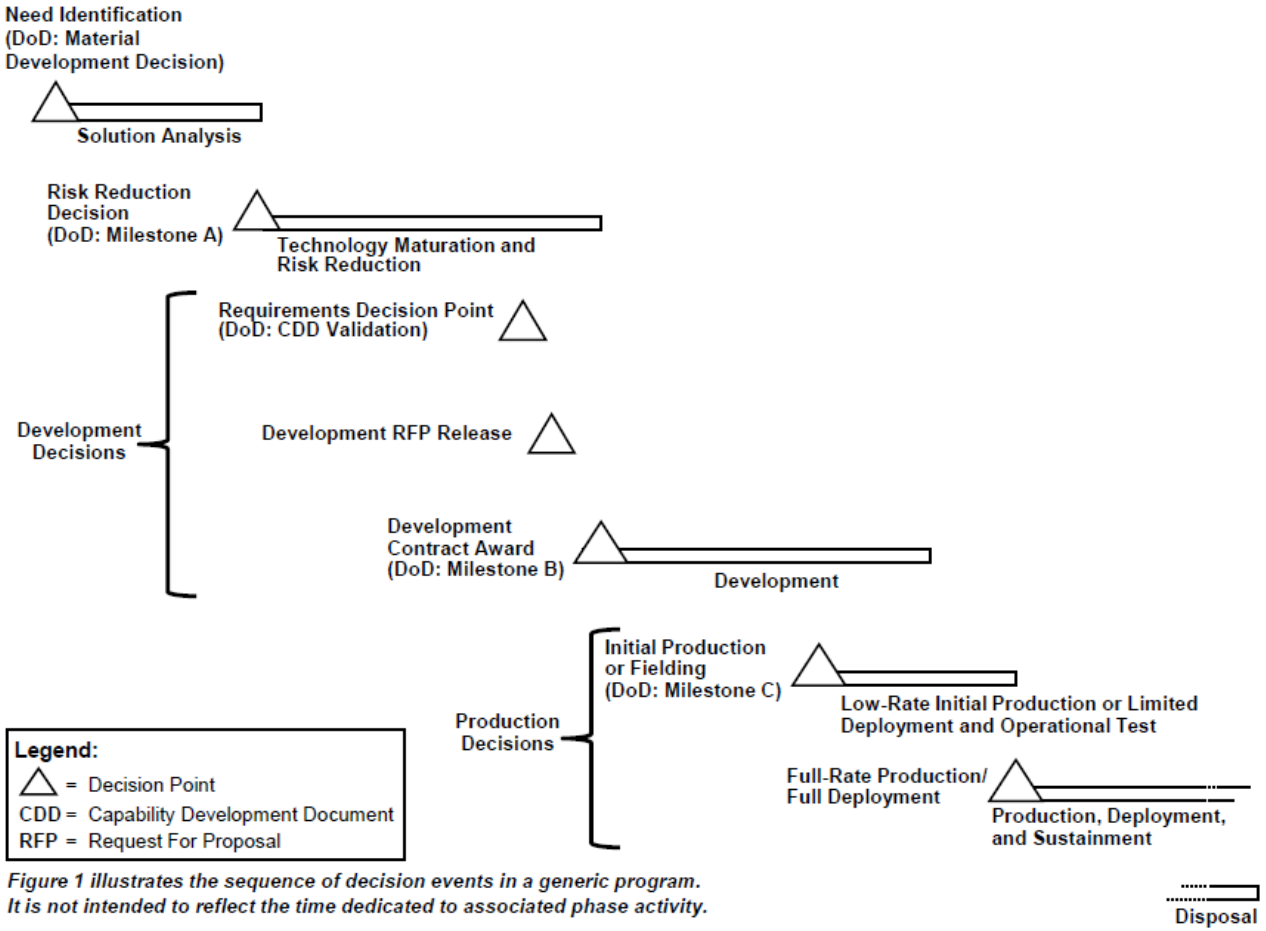
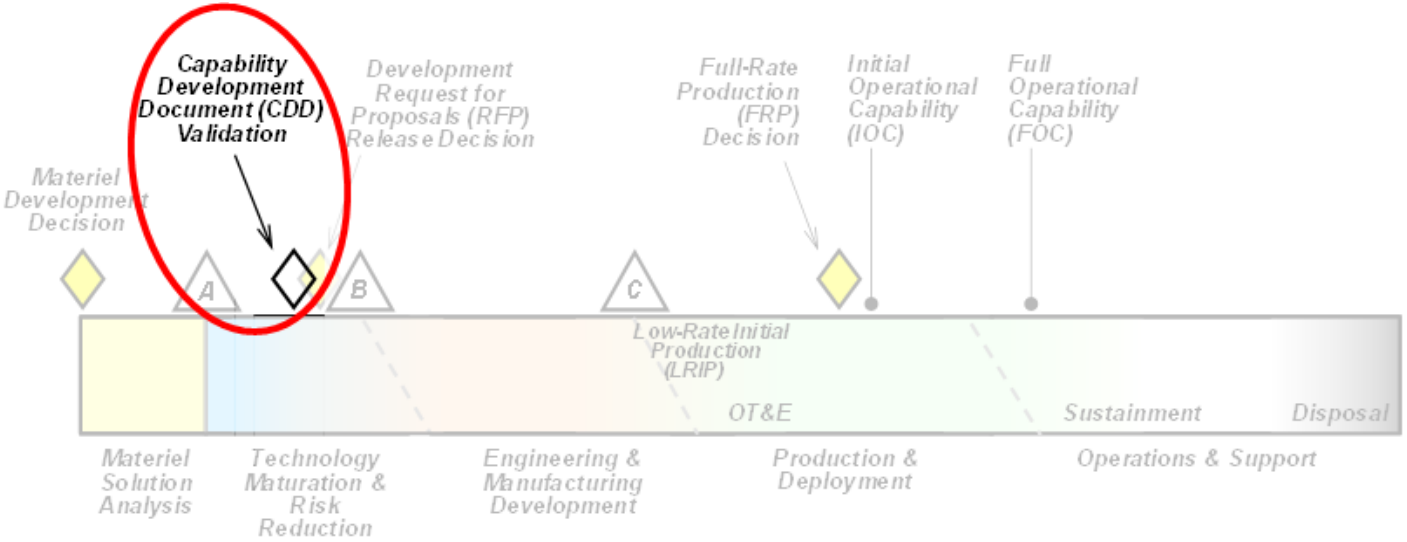


Figure 1 illustrates the sequence of decision events in a generic program. It is not intended to reflect the time dedicated to associated phase activity.

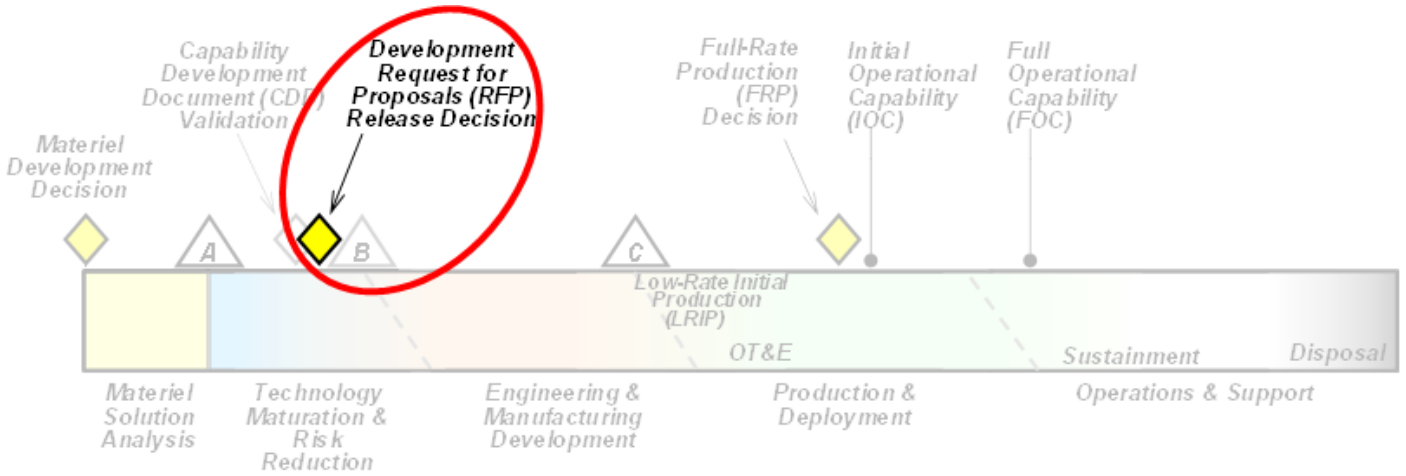
- … a generic product acquisition program would follow the structure depicted
- … the sequence of decision events in a generic program, which could be a Defense program or, except for the unique DoD terminology, a commercial product
- Each product-tailored process model is a variant of this basic structure

Capability Development Document (CDD) Validation



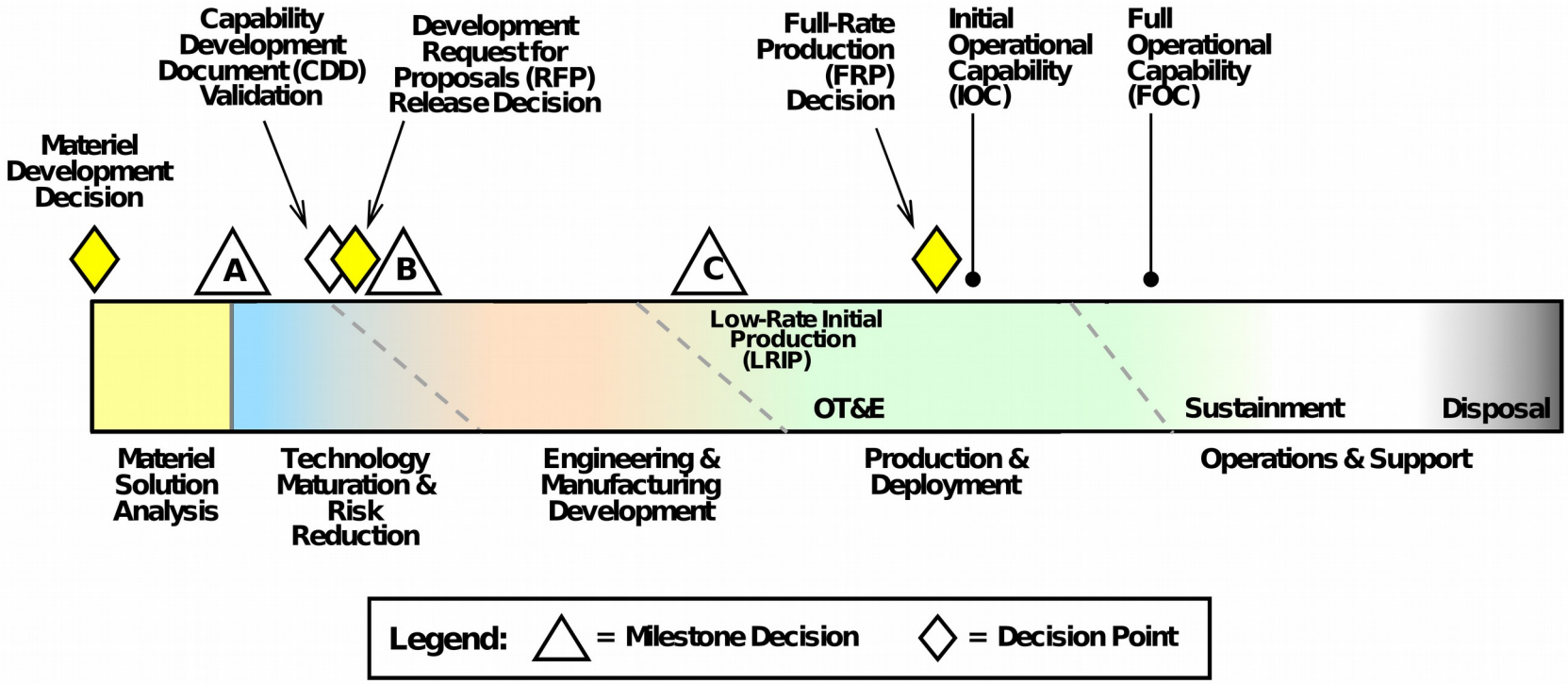
- During the TMRR Phase, the requirements validation authority will validate the CDD (or equivalent requirements document) for the program. This action will precede the Development RFP Release Decision Point and provides a basis for preliminary design activities and the PDR that will occur prior to Milestone B unless waived by the MDA.
- Active engagement between acquisition leadership, including the MDA, and the requirements leadership, including the validation authority (the JROC for MDAP and MAIS programs), during the development and review of proposed requirements trades is essential to ensuring that the validated requirements associated with the program continue to address the priorities of the DoD Component and the Joint force in a cost effective and affordable way.
- The MDA (and CAE when the MDA is the DAE) will participate in the validation authorities' review and staffing of the CDD (or equivalent requirements document) prior to validation, to ensure that requirements are technically achievable, affordable, and testable, and that requirements trades are fully informed by systems engineering trade-off analyses completed by the Program Manager or the DoD Component.

Development Request for Proposals (RFP) Release Decision



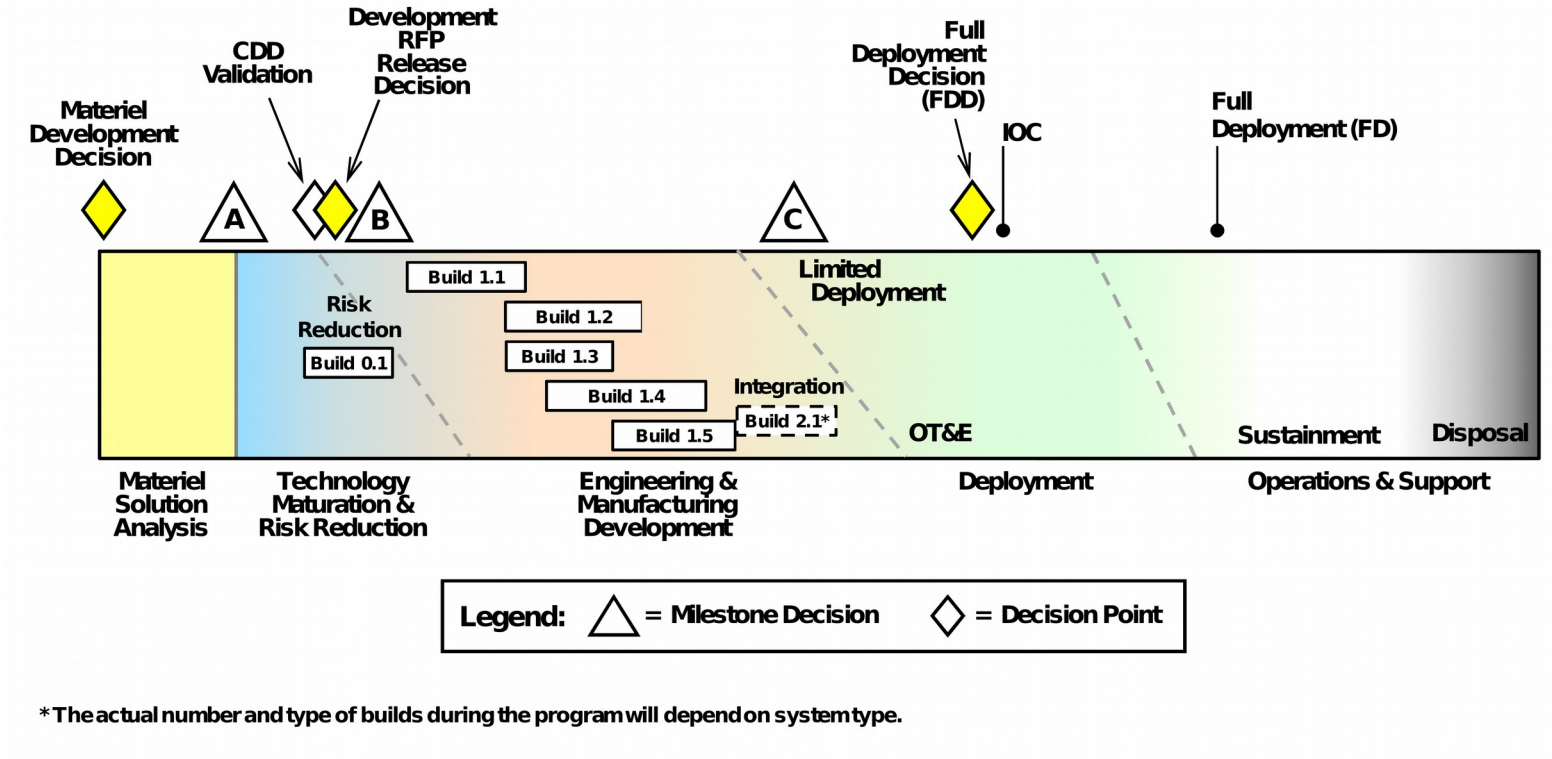
- … the Development RFP Release Decision Point is to ensure, prior to the release of the solicitation for EMD, that an executable and affordable program has been planned using a sound business and technical approach.
- This review is the critical decision point in an acquisition program. The program will either successfully lead to a fielded capability or fail, based on the soundness of the capability requirements, the affordability of the program, and the executability of the acquisition strategy. The acquisition strategy is put into execution at this decision point by asking industry for bids that comply with the strategy.
- This decision point authorizes the release of RFPs for EMD and often for Low-Rate Initial Production (LRIP) options.
- Release of the RFP for EMD sets in motion all that will follow. This is the last point at which significant changes can be made without a major disruption.

Model 1: Hardware Intensive Program



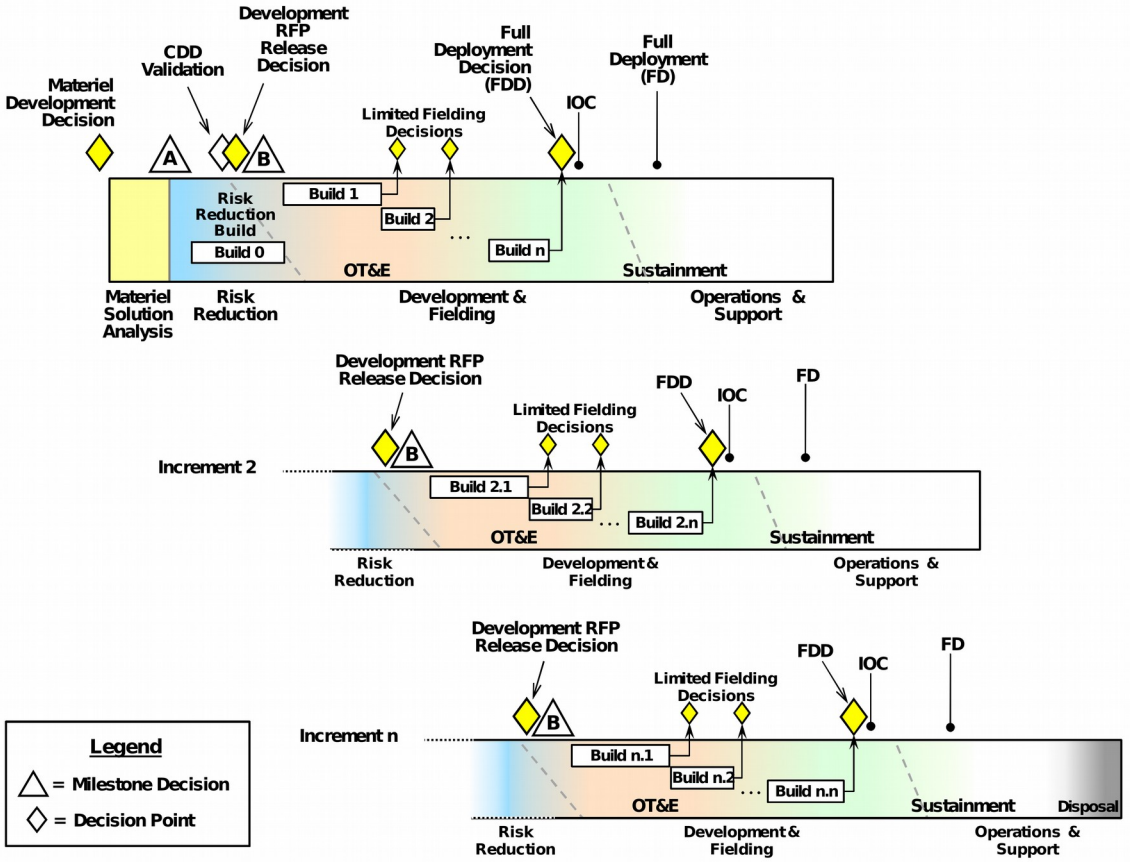
- … model of a hardware intensive development program such as a major weapons platform
- This is the “classic” model that has existed in some form in all previous editions of this instruction
- It is the starting point for most military weapon systems; however, these products almost always contain software development resulting in some form of Hybrid Model A

Model 2: Defense Unique Software Intensive Program



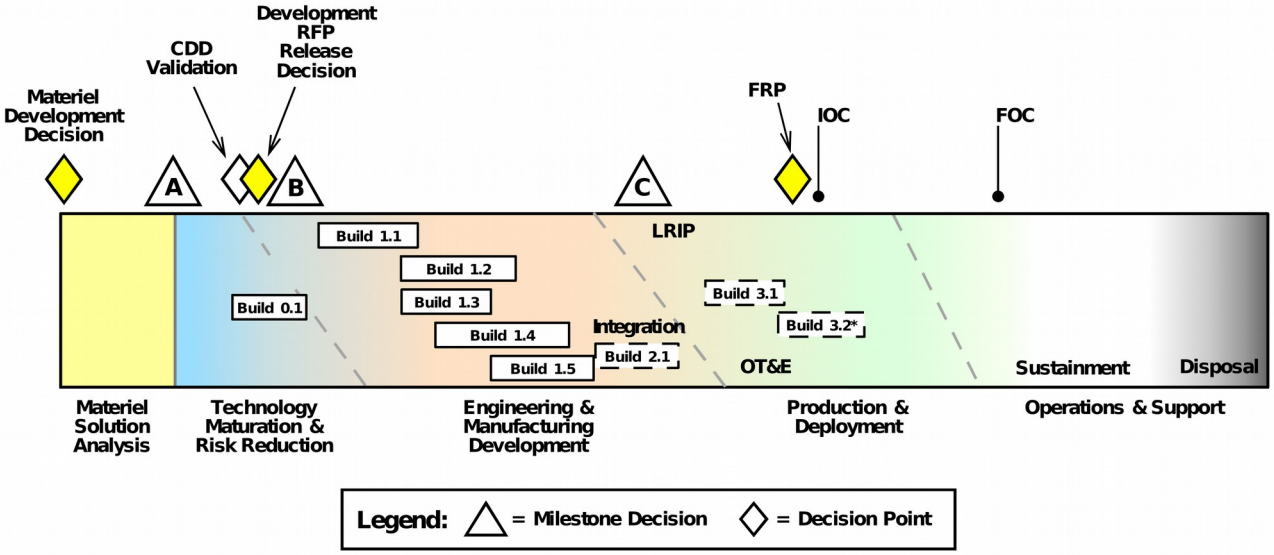
- …a model of a program that is dominated by the need to develop a complex, usually defense unique, software program that will not be deployed until several software builds have been completed
- The central feature of this model is the planned software builds – a series of testable, integrated subsets of the overall capability – which together with clearly defined decision criteria, ensure adequate progress is being made before fully committing to subsequent builds
- Examples of this type of product include military unique command and control systems and significant upgrades to the combat systems found on major weapons systems such as

Model 3: Incrementally Fielded Software Intensive Program



- This model is distinguished from the previous model by the rapid delivery of capability through several limited fieldings in lieu of single Milestones B and C and a single full deployment. Each limited fielding results from a specific build, and provides the user with mature and tested sub-elements of the overall capability.
- Several builds and fieldings will typically be necessary to satisfy approved requirements for an increment of capability.
- …will apply in cases where commercial off-the-shelf software, such as commercial business systems with multiple modular capabilities, are acquired and adapted for DoD applications

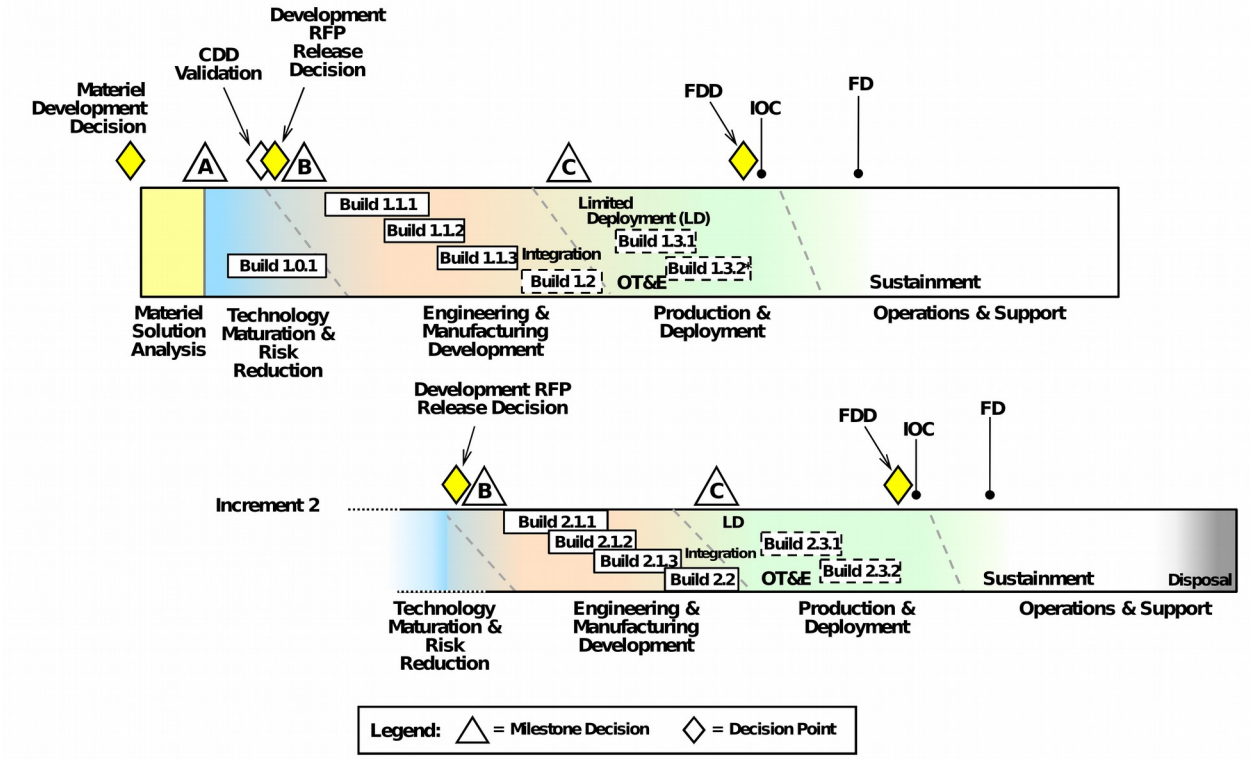
Hybrid Program A (Hardware Dominant)



*The actual number and type of builds during the program will depend on system type.

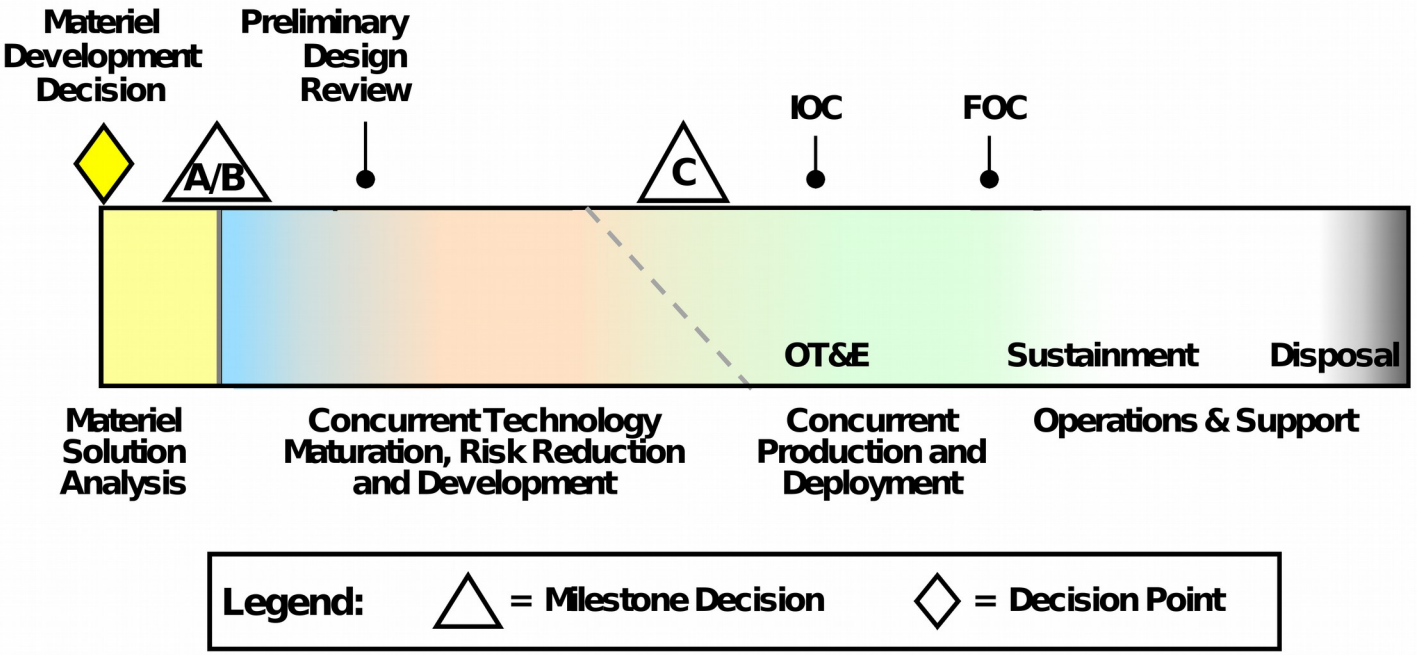
- … a model depicting how a major weapons system combines hardware development as the basic structure with a software intensive development that is occurring simultaneously with the hardware development program
- In a hardware intensive development, the design, fabrication, and testing of physical prototypes may determine overall schedule, decision points, and milestones, but software development will often dictate the pace of program execution and must be tightly integrated and coordinated with hardware development decision points
- … software development should be organized into a series of testable software builds
- These builds should lead up to the full capability needed to satisfy program requirements and Initial Operational Capability (IOC). Software builds should be structured so that the timing of content delivery is synchronized with the need for integration, developmental and operational testing in hardware prototypes
- … Milestone B decision to enter EMD and the Milestone C decision to enter Production and

Hybrid Program B (Software Dominant)



- … depicts how a software intensive product development can include a mix of incrementally fielded software products or releases that include intermediate software builds
- Risk Management in Hybrid Models:
  - Highly integrated complex software and hardware development poses special risks to program cost and schedule performance.
  - Technical, cost, and schedule risks associated with hardware and software development must be managed throughout the program's life cycle and will be a topic of special interest at all decision points and milestones.

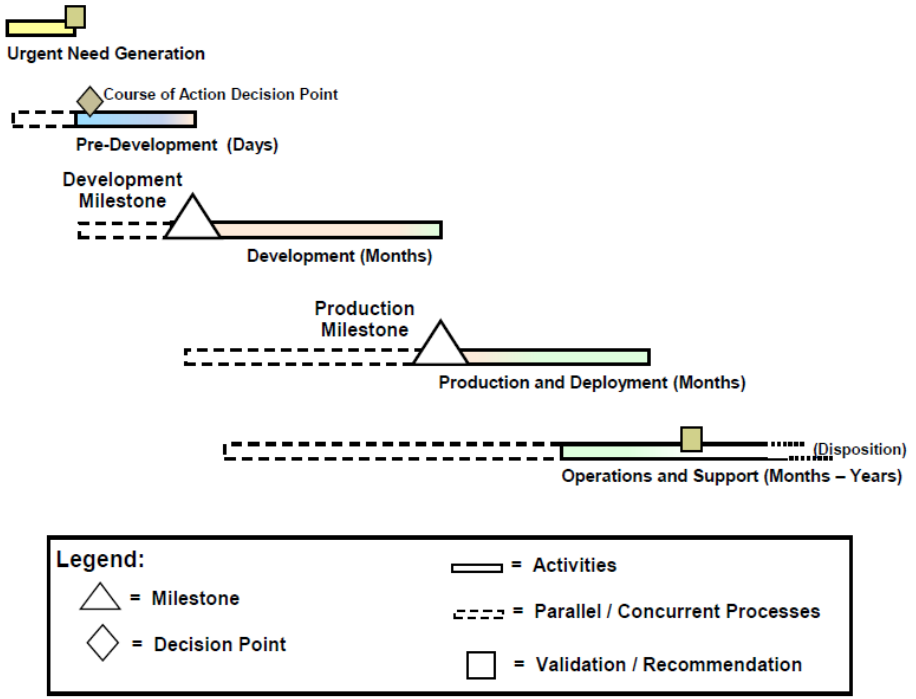
Model 4: Accelerated Acquisition Program



- … is a model that applies when schedule considerations dominate over cost and technical risk considerations
- This model compresses or eliminates phases of the process and accepts the potential for inefficiencies in order to achieve a deployed capability on a compressed schedule
- The model shows one example of tailoring for accelerated acquisition and many others are possible
- For products that must be developed and acquired as quickly as possible, usually motivated by a potential adversary achieving technological surprise, and featuring a greater acceptance of program risk

Rapid Acquisition of Urgent Needs

- Enclosure 13
- New Enclosure describing policy and procedure for programs that respond to Urgent Needs
  - Includes Joint Urgent Operational Needs (JUONs), Joint Emergent Operational Needs (JEONs), DoD Component-Specific UONs, Warfighter SIS urgent needs, and SECDEF Rapid Acquisition Determinations
  - = General, highly tailorable acquisition business model
  - Applicable to urgent needs that fall below the cost threshold for ACAT I and IA programs and that can be fielded in less than 2 years



- … activities detailed in this enclosure are not separate from or in addition to activities performed as part of the acquisition system but are a highly tailored version of those activities and are intended to expedite urgent needs by tailoring the documentation and reviews normally required as part of the deliberate acquisition process

Process Flexibility

- The structure of a DoD acquisition program and the procedures used should be tailored as much as possible to the characteristics of the product being acquired, and to the totality of circumstances associated with the program including operational urgency and risk factors.
- Authorizes Milestone Decision Authorities (MDAs) to tailor the regulatory requirements and acquisition procedures in this instruction to more efficiently achieve program objectives, consistent with statutory requirements and DoD Directive 5000.01
- MDAs will tailor program strategies and oversight, including program information, acquisition phase content, the timing and scope of decision reviews and decision levels, based on the specifics of the product being acquired, including complexity, risk factors, and required timelines to satisfy validated capability requirements
- When there is a strong threat-based or operationally driven need to field a capability solution in the shortest time, MDAs are authorized to implement streamlined procedures designed to accelerate acquisition system responsiveness

Program Management – Enclosure 2

- Acquisition Chain of Command and PEO and PM Assignments
- Enhanced discussion of Program Management Responsibilities
- Program Office Structure and Organizations
- Acquisition Strategies
  - Business Approach and Risk Management
  - Competition
  - Intellectual Property (IP) Strategy and Open Systems/Architectures
- Program Baseline Development and Management
- Program Management Tools
  - Earned Value Management (EVM)
  - Risk Management
  - Cost Baseline Control and Use of “Should Cost” Management
- International Acquisition and Exportability
- Industrial Base Analysis and Considerations

Qualifications for / Assignment of Key Leadership Personnel

- **Program Executive Officer (PEO)**

  A PEO must be experienced, qualified, and certified in program management, including having been a Program Manager for an ACAT I or IA program comparable to the programs he or she will be responsible for as PEO.

- **Program Manager (PM)**

  A Program Manager of an ACAT I or IA program should be assigned to the position during the planning leading up to a milestone or decision point initiating a phase of the acquisition process, lead the effort to have that phase approved, and manage the execution of that phase. One measure of a program manager's performance should be the successful execution of a phase of the program he or she planned and the MDA has approved. …

Affordability Analysis and Investment Constraints – Enclosure 8

- New Enclosure
- Designed to support responsible and sustainable investment decisions
- Component will conduct required analysis to assess affordability over the program's entire life cycle, in a portfolio context, and with respect to the entire Component TOA
- Applicable to ACAT I and IA programs; Components directed to issue similar guidance for ACAT II and below programs
- Initial analysis conducted early enough to inform the AoA
- **At MDD**:
  - Tentative affordability cost "goals" and inventory goals to scope the AoA and provide targets around which to consider alternatives
- **At Milestone A**:
  - Affordability "goals" for unit procurement and sustainment costs
- **At Pre-B, Milestone B, and later**:
  - Binding affordability "Caps"—fixed requirements to be treated as KPPs

Systems Engineering Trade-Off Analysis

In Enclosure 3, *Systems Engineering*:

During the acquisition life cycle, the Program Manager will conduct systems engineering trade-off analyses to assess system affordability and technical feasibility to support requirements, investment, and acquisition decisions. Systems engineering trade-off analyses will depict the relationships between system life-cycle cost and the system's performance requirements, design parameters, and delivery schedules. The analysis results should be reassessed over the life cycle as system requirements, design, manufacturing, test, and logistics activities evolve and mature.

In support of the validation of the Capability Development Document (or equivalent requirements document), the Program Manager will conduct a systems engineering trade-off analysis showing how cost varies as a function of system requirements (including Key Performance Parameters), major design parameters, and schedule. The results will be provided to the MDA and will identify major affordability drivers and show how the program meets affordability constraints.

Analysis of Alternatives (AoA) – Enclosure 9

Some Key Changes:

- **AoA Guidance/Plan:** *b. The DCAPE provides the AoA Study Guidance to the DoD Component or organization designated by the Milestone Decision Authority or, for ACAT IA programs, to the office of the principal staff assistant responsible for the mission area, prior to the Materiel Development Decision and in sufficient time to permit preparation of the study plan prior to the decision event. The study plan will be coordinated with the MDA and approved by the DCAPE prior to the Materiel Development Decision. The designated DoD Component or other organization or the principal staff assistant will designate responsibility for completion of the study plan and the AoA.*
- **AoA Review by Requirements Authority:** *d. The final AoA will also be provided to and reviewed by the requirements validation authority prior to the Milestone A decision or the release of the request for proposals for the Technology Maturation and Risk Reduction Phase activities. The requirements validation authority will, at a minimum:*

  (1) Assess how well the recommended alternative satisfies validated requirements in the most cost effective manner for the warfighter.

  (2) Identify any opportunities to adjust or align capability requirements for better synergy across the Joint Force capabilities.

  (3) In accordance with the responsibilities identified in title 10 of U.S.

Test and Evaluation – Enclosures 4 and 5

- Separate Enclosures for Developmental and Operational testing
  - Treatment facilitates more comprehensive discussion of the role of each
  - Integrated testing is still emphasized
- Test and Evaluation Master Plan (TEMP) at all Milestones (no more Test and Evaluation Strategy (TES))
- Reliability Growth Curves reflect reliability growth strategy and are employed to plan, illustrate, and report reliability growth
  - Captured in SEP at Milestone A
  - Reported via the TEMP at Milestone B and later
- An Operational Assessment is required prior to Milestone C (except for programs that enter the acquisition process at Milestone C)

Life-Cycle Sustainment Planning – Enclosure 6

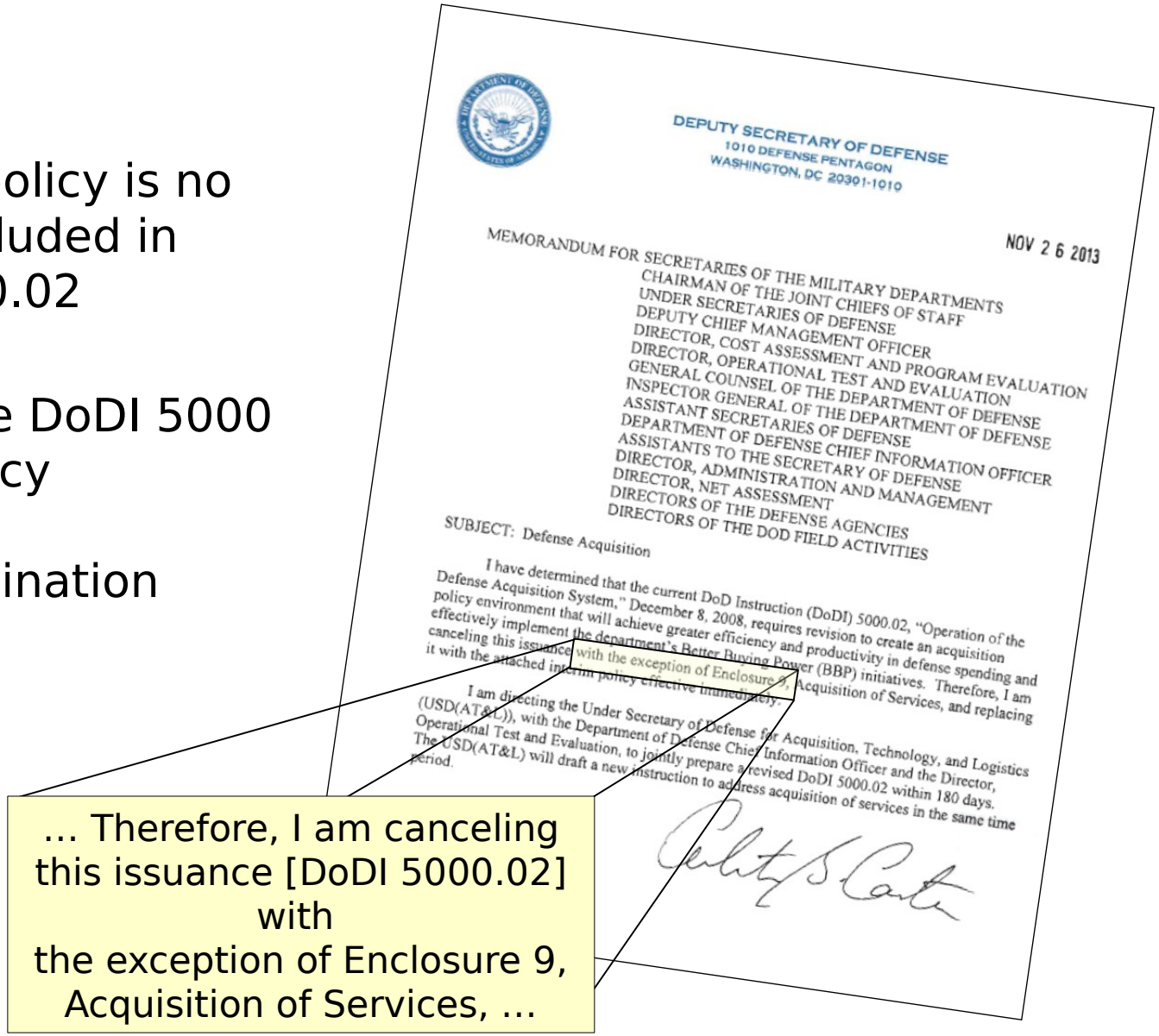
- Reflects increased emphasis on program sustainment and operation and support costs
- Detailed planning required in support of all acquisition phases
- Requires a Life-Cycle Sustainment Plan for all programs
- Independent Logistics Assessments conducted as a focused part of Product Support Reviews
- Component-conducted Independent Logistics Assessments for ACAT I and II programs prior to key decision points and milestone decisions to assess sustainment strategy

Defense Business Systems (DBS) – Enclosure 12

- Draft DoD Instruction 5000.02 cancels the BCL DTM
- DBS will employ one of the models in the draft or an effective variant approved by the MDA
- The “Defense Business Systems” enclosure details additional statutory and regulatory policy applicable to DBS

Acquisition of Services

- Services policy is no longer included in DoDI 5000.02
- A separate DoDI 5000 series policy document is in coordination



DEPUTY SECRETARY OF DEFENSE
1010 DEFENSE PENTAGON
WASHINGTON, DC 20301-1010

NOV 2 6 2013

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DEPUTY CHIEF MANAGEMENT OFFICER
DIRECTOR, COST ASSESSMENT AND PROGRAM EVALUATION
DIRECTOR, OPERATIONAL TEST AND EVALUATION
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
DEPARTMENT OF DEFENSE CHIEF INFORMATION OFFICER
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTOR, NET ASSESSMENT
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Defense Acquisition

I have determined that the current DoD Instruction (DoDI) 5000.02, "Operation of the Defense Acquisition System," December 8, 2008, requires revision to create an acquisition policy environment that will achieve greater efficiency and productivity in defense spending and effectively implement the department's Better Buying Power (BBP) initiatives. Therefore, I am canceling this issuance with the exception of Enclosure 9, Acquisition of Services, and replacing it with the attached interim policy effective immediately.

I am directing the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), with the Department of Defense Chief Information Officer and the Director, Operational Test and Evaluation, to jointly prepare a revised DoDI 5000.02 within 180 days. The USD(AT&L) will draft a new instruction to address acquisition of services in the same time period.

... Therefore, I am canceling this issuance [DoDI 5000.02] with the exception of Enclosure 9, Acquisition of Services, ...

Revised Table Format for Milestone Requirements

Table 2. Milestone and Phase Information Requirements

INFORMATION REQUIREMENT	PROGRAM TYPE[1]				LIFE-CYCLE EVENT[1,2]								SOURCE	APPROVAL AUTHORITY
	MDAP	MAIS	ACAT II	ACAT ≤ III	MDD	MS A	CDD Val	Dev RFP Rel	MS B[4]	MS C	FRP/FD Dec	OTHER		
	NOTES													
2366a/b CERTIFICATION MEMORANDUM	•					•			•	•			10 U.S.C. 2366a (Ref. (n)) 10 U.S.C. 2366b (Ref. (n)) This instruction	MDA
	STATUTORY for MDAPs at Milestones A and B. The MDA does not have authority to delegate this requirement. The associated procedures from 10 U.S.C. 2366a and 10 U.S.C. 2366b (Reference (n)) are re-stated in the Defense Acquisition Guidebook (Reference (l)), and must be followed. A memorandum similar to that required at Milestone B is a Regulatory requirement at Milestone C if Milestone C is program initiation.													
Acquisition Decision Memorandum (ADM)	•	•	•	•	•	•		•	•	•	•	•	This instruction	MDA
	Regulatory. Documents MDA decisions and direction.													
ACQUISITION PROGRAM BASELINE (APB)	•	•	•	•				•	✓	✓	✓	✓	10 U.S.C. 2435 (Ref. (n)) DoDD 5000.01 (Ref. (a))	MDA
	STATUTORY for MDAPs at Milestones B and C and the FRP decision; a Regulatory requirement at all other Type/Event combinations, including the required draft[5] at Development RFP Release. The draft[5] APB for the Development RFP Release Point is approved at Milestone B. See section 4 in this enclosure for requirements at other than the identified decision points. The MDA may approve the APB for some ship programs at Milestone A.													
ACQUISITION STRATEGY	•	•	•	•		•		•		✓	✓		SEC. 803, P.L. 107-314 (Ref. (p)) Core instruction, para. 5.d.(2)(c) 10 U.S.C. 2350a (Ref. (n))	MDA
	STATUTORY for MDAPs at Milestone A; else Regulatory at other events and for other program types. The Acquisition Strategy will include STATUTORY and Regulatory information. - Use the "Acquisition Strategy Outline" at https://dap.dau.mil/policy/Lists/Policy%20Documents/Attachments/3282/PDUSD-Approved.TDS_AS_Outline.docx. - For DBS, prepare an Acquisition Approach as part of the Business Case instead of an Acquisition Strategy (further described in paragraph 5.a.(1) in Enclosure 12 of this instruction). - For programs responding to Urgent Needs, see Table 10 in Enclosure 13. - For JUONs, JEONs, Warfighter SIG urgent needs, Secretary of Defense RAA determinations, or DoD Component UONs (when requested for UONs), a copy of the strategy is due to the Director, JRAC, within 3 business days of MDA approval.													

Table Notes:

1. A dot (•) in a cell indicates the specific applicability of the requirement to program type and life-cycle event, and represents the initial submission requirement. Moving right across a row, a checkmark (✓) indicates the requirement for updated information.
2. All of the "Life-Cycle Events" will not necessarily apply to all "Program Types."
3. Documentation for the identified events will be submitted no later than 45 business days before the planned review.
4. Information requirements that have been finalized and approved by the responsible authority in support of the Development RFP Release Decision Point do not have to be re-submitted prior to Milestone B unless changes have occurred. In that case, updated documents will be provided.
5. In this table, "draft" means a "DoD Component-approved draft."

Reduce Lengthy Prose Passages to Table Entries

From This

To This

2008 Policy Language:

(2) The MDA for an MDAP, without the authority to delegate, shall sign a certification memorandum for record prior to Milestone A approval (section 2366a of title 10, United States Code (U.S.C.) (Reference (k))). The memorandum shall include the statements in section 2366a of Reference (k) without modification. The ADM at Milestone A shall include the statement: "I have made the certifications required by section 2366a of title 10, United States Code."

(3) If, during Technology Development, the cost estimate upon which the MDA based the Milestone A certification increases by 25 percent or more, the PM shall notify the MDA of the increase. The MDA shall again consult with the JROC on matters related to program requirements and the military need(s) for the system. The MDA shall determine whether the level of resources required to develop and procure the system remains consistent with the priority level assigned by the JROC. If not, the MDA may rescind the Milestone A approval if the MDA determines that such action is in the interest of national defense.

(5) The MDA for an MDAP, without the authority to delegate, shall assess the program business case and sign a certification memorandum prior to Milestone B approval (section 2366b of Reference (k)). The memorandum shall include the statements in section 2366b of Reference (k) without modification. If the program is initiated at a later date, i.e., Milestone C, a similar memorandum shall be prepared as a matter of policy. The ADM shall include the statement: "I have reviewed the program and the business case analysis and have made the certifications required, or executed a waiver of the applicability of one or more of the components of the certification required, as authorized by subsection 2366b(d) of title 10, United States Code." The PM shall immediately notify the MDA of any program changes that alter the substantive basis of the MDA certification or otherwise cause the program to deviate significantly from the material presented to the MDA in support of such certification.

INFORMATION REQUIREMENT	PROGRAM TYPE[1]				LIFE-CYCLE EVENT[1,2]								SOURCE	APPROVAL AUTHORITY
	MDAP	MAIS	ACAT II	ACAT ≤ III	MDD	MS A	CDD Val	Dev RFP Rel	MS B[4]	MS C	FRP/FD Dec	OTHER		
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Current Status

- Formal coordination of the DRAFT DoDI 5000.02 completed
- Over 300 comments received and reviewed; most have been fully vetted and adjudicated; remainder close to completion
- DoDI 5000.02 is nearing re-issuance and reflects USD(AT&L), DOT&E, and DoD CIO preferences, procedures, and policy
- Formal Re-issuance as soon as possible

Contact Information

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Questions?